Alpha Beta Portfolios
AB Core Plus Adventurous

as at 31 Jan 2022

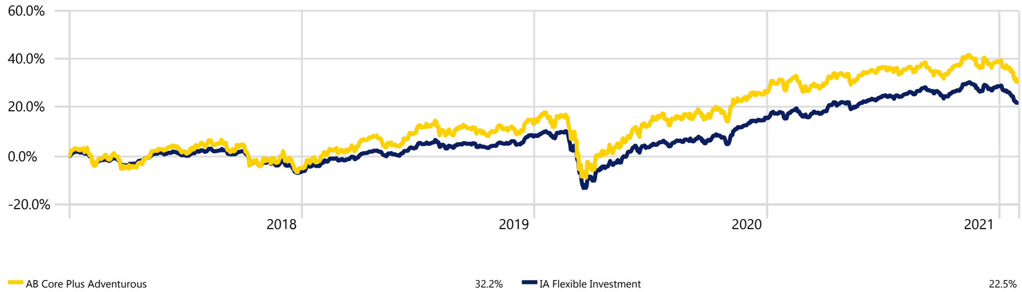
Investment Objectives

Our objective is to outperform RPI UK + 5% over the medium to long term, keeping within the prescribed volatility limits whilst investing in low cost ETFs or Index funds for the core and active funds for the satellite positions.

To achieve the investment objective we deploy quantitative and qualitative techniques and extensive research that shape our macro economic and thematic views.

Investment Growth

Time Period: 01/01/2018 to 31/01/2022



Snapshot

Base Currency	Pound Sterling
12 Mo Yield	1.79%
Ongoing Charge	0.32%
Management Fee (VAT where applicable)	0.25%
Portfolio Cost	0.57%

Calendar Year Returns

Data Point: Return

	3 Months	6 Months	YTD	2021	2020	2019	Since Inception (01/01/2018)
AB Core Plus Adventurous	-3.60	-1.40	-4.86	10.08	11.56	19.24	32.22
IA Flexible Investment	-3.43	-1.53	-4.78	11.38	7.01	15.64	22.52

Benchmark

Benchmark	UK RPI+5%
Comparator Benchmark	IA Flexible

Risk Profile

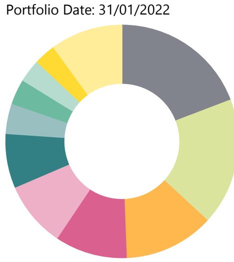
Defaqto Risk Rating	9

Risk

	Sharpe Ratio	Std Dev
AB Core Plus Adventurous	-0.09	8.29
IA Flexible Investment	-0.05	7.49

Asset Allocation

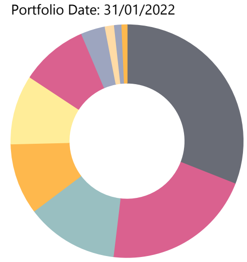
Portfolio Date: 31/01/2022



	%
US Equity Large Cap Blend	19.2
Europe Equity Large Cap	17.7
Asia ex-Japan Equity	12.5
Global Emerging Markets Equity	10.0
UK Equity Large Cap	9.1
Greater China Equity	7.5
Technology Sector Equity	4.2
Infrastructure Sector Equity	3.5
Energy Sector Equity	3.2
Real Estate Sector Equity	3.0
Other	10.0
Total	**100.0**

Equity Regional Exposure

Portfolio Date: 31/01/2022



	%
North America	31.0
Europe dev	20.9
Asia emrg	12.8
United Kingdom	9.9
Asia dev	9.6
Australasia	9.3
Japan	3.4
Africa/Middle East	1.3
Latin America	1.0
Europe emrg	0.7

Top 10 Holdings

Portfolio Date: 31/01/2022

	Portfolio Weighting %
Vanguard FTSE Dev €pe ex-UK Eq Idx £ Acc	16.74%
iShares North American Eq Idx (UK) D Acc	14.79%
Vanguard Pac exJpn Stk Idx £ Acc	12.52%
Janus Henderson China Opps I Acc	7.52%
Vanguard FTSE UK All Shr Idx Unit Tr£Acc	7.15%
Fidelity Index Emerging Markets P Acc	5.09%
Vanguard Em Mkts Stk Idx £ Acc	4.94%
Vanguard U.S. Eq Idx £ Acc	4.42%
Janus Henderson Glb Tech Leaders I Acc	4.20%
First Sentier Glb Lstd Infra B GBP Acc	3.51%
	80.89%

Manager's Commentary

The start of this year did bring some risk with it. From inflation to geopolitical risks, the US stock market was gripped with fear for a short period in January, with the major indices registering double digit declines from their all-time highs recorded in Q4 2021, before staging a partial recovery into month end.

The downward spiral started with the release of FOMC minutes on January 5th which added to the already hawkish tones emanating from Fed Chairman Powell following the FOMC meeting. The Fed, in their communications, have made "price stability" their only concern at this point. With the labour market running hot and labour market participation rate low, the Fed's primary concern is inflation getting entrenched in the pricing cycle. However, we also note that despite inflation sitting at elevated levels and likely to go higher, particularly at home in UK, we are beginning to observe indications of some pressures starting to ease. With US 5 and 10-year breakeven inflation indicators sitting around 2.8%, the market certainly expects a moderation in inflation looking further ahead. Indeed, we expect supply chain bottlenecks to ease significantly as we progress through the year, and base effects are likely to bring down the headline inflation figures beginning in quarter two this year.

The Fed Chair J Powell also clarified their position on the Quantitative Tightening and that the preferred route is to let the debt run to maturity. The Fed's hawkish tone took the stock market by surprise and that led to a quick re-rating growth stock. The market also envisages some risk of monetary policy tightening into a slowing economy. The key now is the growth numbers for the rest of the year.

In the so-called emerging world, the People's Bank of China have now cut rates twice in consecutive months after GDP contracted sharply following the further lockdowns and hit to the property sector. We expect an upward rebound in growth and equity valuations as the economy reopens and a reopening China will also help to pull back inflationary pressure in the West. In Europe, Germany has also seen recession looming and with inflation pushing above 5% across the EU the ECB has had to adopt a slightly more cautious tone too, although it's more likely that liquidity will be tapered back first, and rate rises are still likely someway off. The UK market has performed well, aided by better prospects for banks and mining stocks benefitting from commodity inflation globally.

The Technology, Healthcare and Clean Energy sectors were hit hard during the month. All three registering a double-digit drop. The UK, European and Chinese equities fared relatively better than their US counterparts. Portfolios have been buffered by January volatility which is now ebbing away. All portfolios remained inside their allocated risk corridors during the month. We anticipate markets moving higher before we contemplate our next move whilst retaining a clear and vivid focus on the risks in play.

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defaqto EXPERT RATED DFM MPS (Platform) Family 2022

defaqto EXPERT RATED DFM MPS on Platform 2022

Investment Team

Investment Manager	Asim Javed, CFA

Disclaimer

Source: Morningstar Direct